

**Attachment C Cost Benefit Analysis of the Lincoln Flats/Bank of the West
Redevelopment Project**

As required by Nebraska Community Development Law (Nebr. Res. Stat # 18-2147), the City has analyzed the costs and benefits of the proposed Downtown Core Redevelopment Project including:

A. Tax Revenues

The Lincoln Flats/Bank of the West Redevelopment Project Area, on Block 39 located between 13th and 14th Streets and O and P Streets in Downtown Lincoln (as described in the project amendment), had an assessed value in 2008 of approximately \$840,500. The assessed value of the property within the project area will increase by an estimated \$3.3 million as a result of a projected \$5.2 million private investment. This private investment will result in an estimated annual increase of \$66,690 in property tax collections, which will pay off a bond issue used to fund the construction of public improvements related to the Redevelopment Project during the 15-year TIF period. As shown in the 2007 Property Tax Allocations table below, the City will forgo approximately 14.33 percent of these collections, or \$9,557 per year. The tax increment gained from this redevelopment project area would not be available for use as City general tax revenues over that time, but would be used for eligible public improvements to enable these projects to be realized.

Tax Increment Finance Analysis

Project Name: Lincoln Flats/Bank of the West
Project Location: O Street, 13th to 14th

Description		Amount
Base Value	<i>Current Assessed Value</i>	\$840,500
Construction/Land Acquisition Costs	<i>Cost to Purchase Land/Construct Project)</i>	\$5,200,000
Estimated New Assessed Value	<i>New Assessed Value (80% of Construction/Land Acquisition Costs)</i>	\$4,160,000
Increment Value	<i>= New Assessed Value - Base Assessed Value</i>	\$3,319,500
Annual TIF Generated	<i>= Increment x 0.02009031 (2008 Tax Rate)</i>	\$66,690
Funds Available - Dev Purchased	<i>= Annual TIF Generated x 14 years @ 6.5%</i>	\$595,038
Coverage Rate (Required by Bond Council)	<i>= Annual TIF Generated/1.2</i>	\$55,575
Bond Note Issue	<i>= Coverage Rate x 14 years @ 5%</i>	\$550,115
Reserve Fund / Costs to Issue Bonds	<i>= 12% Issuance Costs</i>	\$66,014
Funds Available - Bond		\$484,101

**Tax District 1, Property Tax Allocations
as a Percentage of All Allocations, 2007**

Description	Percentage
Lancaster County	13.71
Public Building Commission	.85
City of Lincoln	14.33
Lincoln Public Schools	63.31
Educational Service Unit 18	.70
Lower Platte South NRD	2.08
Railroad Trans. Safety District	1.29
Southeast Community College	3.43
LC Agricultural Society	.08
LC Agricultural Society JPA	.21

Source: Lancaster County Assessor

B. Public Infrastructure and Community Public Service Needs

Public infrastructure will be enhanced to support this project and the continued redevelopment of Downtown Lincoln. Public investment may assist in the design and construction of the adjacent east-west alley, including façade enhancements, pavement improvements, traffic bollards, lighting, landscape enhancements, benches, etc.; utility improvements; other right-of-way and parking improvements; and, other façade enhancements.

The use of TIF is being pursued, because the developer is choosing to redevelop in an area with existing blighted and substandard conditions. Without the use of TIF, the City feels that the barriers to redevelopment would be so high as to discourage redevelopment as proposed in the Lincoln Center Redevelopment Plan and Downtown Master Plan. TIF is not only needed to improve aged public utilities, but to encourage improvements that assist in the maintenance of historic assets.

C. Employment Within the Project Area

In 2005, there were approximately 19,227 persons employed by 907 non-governmental establishments (not including federal, state, local government or the University) within Downtown (68508 zip code area) according to the Census, County Business Patterns, North American Industry Classification System.

While current TIF policy does not require the creation of new jobs in blighted, core areas of the City, this project is expected to create new jobs, maintain existing jobs, and support existing jobs Downtown. Based upon approximately 7,500 square feet of office and commercial space available, the project area could house between 20 and 22 employees once complete. As many as 7 to 9 of these employees will be new FTE's. The project will help retain 13 existing FTE's.

D. Employment in City Outside the Project Area

According to the Nebraska Department of Labor, Nebraska Workforce Development Labor Market Information for 2005, approximately 127,491 persons in the Lincoln MSA were employed in 8,047 establishments the private sector. The average annual wage for the private sector was \$32,267. The median household income for the City in 2005 was \$45,790.

The project is expected to generate employment related to the construction of the projects and related public improvements. Indirectly, we also expect to see an increase in future private sector employment as a result of other redevelopment or new business growth encouraged by this investment.

E. Other Impacts

While not readily quantifiable, there are expected to be benefits to Downtown resulting from the redevelopment of this underutilized building. The project supports the goals of the Downtown Master Plan, as it will increase housing options and opportunities Downtown and help support existing and future retail. We expect that this project and others like it will help make Downtown a 24-hour community.

City-wide benefits include the generation of additional tax and other revenues to the City as a whole.